Undertaking #5

Question #49

Reference: **OEB Staff #52**

a) Please set out specifically what GSHI's proposal is with respect to the revenue to cost ratios for Sentinel and Street Lighting for the years following 2009.

The Cost Allocation for Electricity Distributors document issued by the OEB in 2007 shows the lower threshold for streetlight and sentinel light customers to be 70%. Our intent is to phase in the rate increase for these two customers over two years to bring them up to this lower threshold.
Our 2009 rate application shows 1.73% of revenue being derived from street lighting and .12% being derived from sentinel light customers. We propose to increase this in 2010. The enclosed schedules suggest 3.03% of revenue coming from street lighting and .27% coming from sentinel light customers

b) What is GSHI's proposal as to how the additional revenues gained from any post-2009 adjustments to the revenue to cost ratios would be apportioned to the other customer classes.

2009 Test Year Class Revenue Design

	Outstanding Base Revenue Requirement %				Outstanding Base Revenue Requirement $			
Customer Class	Cost Allocation	Existing Rates	Revenue Split to Achieve Close to 2004 Cost Revenue Ratio with 2009 Revenue	Rate Application	Cost Allocation	Existing Rates	Rate Application	Total Base Revenue Requirement
Residential	59.42%	56.63%	55.96%	57.46%	14,152,526	13,487,322	13,686,028	13,686,028
GS <50 kW	14.91%	16.64%	17.67%	16.08%	3,552,052	3,963,266	3,831,064	3,831,064
GS>50 kW	20.86%	26.03%	25.63%	22.99%	4,968,893	6,199,471	5,475,840	5,475,840
Large Use >5MW	0.00%	0.00%	0.00%		0	0	0	0
Street Light	4.35%	0.27%	0.19%	3.03%	1,036,415	65,177	721,101	721,101
Sentinel	0.23%	0.04%	0.03%	0.17%	55,424	8,690	40,015	40,015
Unmetered Scattered Load	0.22%	0.40%	0.52%	0.27%	53,046	94,431	64,310	64,310
	0.00%	0.00%			0	0	0	0
TOTAL	100%	100%	100%	100%	23,818,357	23,818,357	23,818,357	23,818,357

yr 2 full harmonization

Revenue to Cost Analysis Per Cost Allocation Study

Customer Class	Revenue to Cost Ratios Per C.A. Study	Net Revenue Per 2009 Test Year	Addback Transformer Allowances	Gross Distribution Revenue	2009 Miscellaneous Revenue Allocation	Total Revenue Cost Allocation 2009	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Addback Transformer Allowances	Updated C.A. Study Cost Proportions For 2009 Including Transformer	Revenue to Cost Ratios Per 2009 Test Year Filing	Target Ranges Low	Target Ranges High	
Residential	94.40%	13,686,027.73		13,686,027.73	1,153,135.21	14,839,162.94	15,305,660.87		15,305,660.87	96.95%	85.00%	115.00%	466,497.93
GS <50 kW	116.99%	3,831,063.57		3,831,063.57	250,447.97	4,081,511.54	3,802,500.25		3,802,500.25	107.34%	80.00%	120.00%	-279,011.29
GS>50 kW	120.88%	5,475,840.19	132,000.00	5,607,840.19	262,450.49	5,870,290.68	5,231,343.98	132,000.00	5,363,343.98	109.69%	80.00%	180.00%	-506,946.70
Large Use >5MW	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		80.00%	180.00%	0.00
Street Light	6.51%	721,100.75		721,100.75 *	23,606.94	744,707.69	1,060,022.22		1,060,022.22	70.25%	70.00%	120.00%	315,314.53
Sentinel	18.24%	40,014.84		40,014.84 *	2,966.93	42,981.77	58,390.64		58,390.64	73.61%	70.00%	120.00%	15,408.87
Unmetered Scattered Load	221.05%	64,309.56		64,309.56	5,272.46	69,582.02	58,318.68		58,318.68	119.31%	80.00%	120.00%	-11,263.34
	0.00%	0.00		0.00	0.00	0.00	0.00		0.00		80.00%	180.00%	
		23,818,356.65	**132,000.00**	**23,950,356.65**	**1,697,880.00**	**25,648,236.65**	**25,516,236.65**	**132,000.00**	**25,648,236.65**				**0.00**

two year phase-in to move towards cost allocation ranges

		Updated C.A. Study Cost Proportions For 2009 Including Transformer	Estimtated 2009 Gross Revenue Split with 2004 Cost Rev Ratios	Miscellaneous Revenue Allocation 2009	Transformer Allowances 2009	Total Revenue Cost Allocation 2009	Revenue Split to Achieve Close to 2004 Cost Revenue Ratio with 2009 Revenue
Residential	94.40%	15,305,660.87	14,448,543.86	1,153,135.21		13,295,408.65	55.96%
GS <50 kW	116.99%	3,802,500.25	4,448,545.05	250,447.97		4,198,097.08	17.67%
GS>50 kW	120.88%	5,363,343.98	6,483,210.20	262,450.49	132,000.00	6,088,759.71	25.63%
Large Use >5MW	0.00%	0.00	0.00	0.00	0.00	0.00	0.00%
Street Light	6.51%	1,060,022.22	69,007.45	23,606.94		45,400.51	0.19%
Sentinel	18.24%	58,390.64	10,650.45	2,966.93		7,683.52	0.03%
Unmetered Scattered Load	221.05%	58,318.68	128,913.45	5,272.46		123,640.99	0.52%
	0.00%			0.00			
		25,648,236.65	25,588,870.46	1,697,880.00	132,000.00	23,758,990.46	100.00%

59,366.19 ???

2009/04/14
Mitigation adjustments to bring streetlight and sentinel light rates up to 70% low target - as per cost allocation ranges

* see question #49 (b) table VECC

undertaking #5

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0
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2009 Test Year Class Revenue Design

Customer Class	Cost Allocation	Existing Rates	Revenue Split to Achieve Close to 2004 Cost Revenue Ratio with 2009 Revenue	Rate Application	Cost Allocation	Existing Rates	Rate Application	Total Base Revenue Requirement	
	Outstanding Base Revenue Requirement %				Outstanding Base Revenue Requirement $				
Residential	59.42%	56.63%	55.96%	57.46%	14,152,526	13,487,322	13,686,028	13,686,028	198,705.94
GS <50 kW	14.91%	16.64%	17.67%	16.51%	3,552,052	3,963,266	3,932,411	3,932,411	- 30,855.61
GS>50 kW	20.86%	26.03%	25.63%	23.91%	4,968,893	6,199,471	5,694,969	5,694,969	- 504,501.86
Large Use >5MW	0.00%	0.00%	0.00%		0	0	0	0	-
Street Light	4.35%	0.27%	0.19%	1.73%	1,036,415	65,177	412,058	412,058	346,880.33
Sentinel	0.23%	0.04%	0.03%	0.12%	55,424	8,690	28,582	28,582	19,892.23
Unmetered Scattered Load	0.22%	0.40%	0.52%	0.27%	53,046	94,431	64,310	64,310	- 30,121.01
	0.00%	0.00%			0	0	0	0	-
TOTAL	100.00%	100.00%	100.00%	100.00%	23,818,357	23,818,357	23,818,357	23,818,357	- 0.00
Check	OK	OK	OK	OK					

year 1 - full harmonization
original submission